

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10

L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11

AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02

OPIC-03 LAB-04 SIL-01 OMB-01 IO-13 ACDA-12 DOE-15

SOE-02 /137 W

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 2304

INFO AMEMBASSY BUENOS AIRES

AMEMBASSY MEXICO

AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: ELAB ECON VE

SUBJECT: CTV RECALL OF ITS REPRESENTATIVE ON CENTRAL BANK CREATES
TENSION

REF: (A) CARACAS 4164 (B) CARACAS 3973 (NOTAL)

1. THE CONFEDERATION OF VENEZUELAN WORKERS/CTV HAS MOVED QUICKLY TO NAME A REPLACEMENT FOR JOSE MIGUEL UZCATEGUI AS THE CTV'S REPRESENTATIVE ON THE BOARD OF DIRECTORS OF THE VENEZUELAN CENTRAL BANK. THE CTV EXECUTIVE COMMITTEE ON MAY 11 NOMINATED CARLOS PINERUA, PRESIDENT OF THE VENEZUELAN PETROLEUM WORKER'S FEDERATION (FEDEPETROL) AS DIRECTOR. JOSE DE JESUS CABRERA OF THE CONSTRUCTION WORKERS (FETRACONSTRUCCION) AND SALOMON CORONEL, ECONOMIST IN THE STATE PETROLEUM CORPORATION (PETROVEN) WERE NAMED AS ALTERNATIVES. PINERUA AND CABRERA ARE MEMBERS OF THE ACCION DEMOCRATICA (AD) PARTY, CORONEL, AN INDEPENDENT, REPORTEDLY IS PRO-AD.

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2. THE CTV'S REMOVAL AND RAPID REPLACEMENT OF COPEI PARTY STALWART UZCATEGUI FOR HIS ASSOCIATION WITH A COMPANY INVOLVED IN THE SO-CALLED "CHATARRA" (SCRAP IRON) SCANDAL (SEE REFTELS) HAS PRODUCED CONSIDERABLE TENSION WITHIN THE CTV. THE ACCION DEMOCRATICA PARTY MAJORITY IN THE CTV HAS HELD THAT EVEN IF UZCATEGUI DID NOTHING ILLEGAL IN REPRESENTING A COMPANY SUBSEQUENTLY CHARGED

WITH FRAUD, HIS REPRESENTATION OF THAT FIRM IN DEALINGS WITH THE CENTRAL BANK REPRESENTED A "MORAL TRANSGRESSION" BY TRAFFICKING HIS INFLUENCE. THE COPEI FACTION IN THE CTV HAS HELD FROM THE BEGINNING THAT THE CTV HAD NO RIGHT TO DEMAND UZCATEGUI'S RECALL UNLESS IT WERE PROVEN HE ACTED ILLEGALLY. RAFEL LEON LEON, COPEI GENERAL SECRETARY OF THE CTV, SAID THAT THE COPYEANOS REFUSED TO SUBMIT A CANDIDATE AS REPLACEMENT FOR UZCATEGUI "BECUASE WE CONTINUE TO BELIEVE THAT THE RECALL OF UZCATEGUI WAS ARBITRARY AND THE CTV ACTED HASTILY." UZCATEGUI HAS APPEALED TO THE SUPREME COURT TO RESCIND PRESIDENT PEREZ' ORDER REMOVING HIM FROM BANCO CENTRAL CLAIMING THE ACTION IS ILLEGAL. HE CLAIMS HE WAS UNAWARE OF FRAUD IN HIS CLIENT'S ACTIVITIES AND ACTED COMPLETELY WITHIN THE LAW.

3. COMMENT: PINERUA IS A LIKEABLE AND SHREWD INDIVIDUAL AND CARRIES CONSIDERABLE POLITICAL POWER AS THE PRESIDENT OF VENEZUELA'S RICHEST AND MOST INFLUENTIAL INDUSTRIAL TRADE UNION FEDERATION. BUT HE HAS LIMITED EDUCATION (HE DID NOT FINISH HIGH SCHOOL) AND HIS LIMITED ECONOMIC EXPERTISE GAINED IN THE TRADE UNION MOVEMENT IS NO SUBSTITUTE FOR UZCATEGUI'S FORMAL CREDENTIALS AS AN ECONOMIST. REPORTEDLY, MINISTER OF THE PRESIDENCY, LAURIA, APPEALED DIRECTLY TO CTV PRESIDENT VARGAS TO RECALL UZCATAGUI. TWO KNOWLEDGABLE TRADE UNIONISTS WITH WHO THE LABOR ATTACHE DISCUSSED THE ISSUE, AN MEPN PARTY MEMBER AND AN LIMITED OFFICIAL USE

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AD MEMBER, BELIEVE THAT THE DOMINANT AD FACTION IN THE CTV HAS MADE A STRATEGIC ERROR BY VIOLATING THE CTV'S NON-PARTISAN STANCE ON PUBLIC ISSUES. CERTAINLY THE UZCATEGUI ISSUE WILL CAUSE NO SCHISM IN THE CTV. BUT THE INCIDENT DOES STRENGTHEN OPPOSITION PARTY CLAIMS THAT THE AD MAJORITY IN THE CTV USES THE ORGANIZATION FOR NARROW POLITICAL INTERESTS AND THUS TENDS TO WEAKEN THE CAREFULLY WOVEN FABRIC OF MULTI-PARTY UNITY IN THE CTV WHICH HAS MADE IT A UNIQUELY POWERFUL TRADE UNION CENTER IN LATIN AMERICA.
VAKY

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